

## **CHAPTER XVI**

# **HUMAN RESOURCE MANAGEMENT**

**16.1 Introduction to HRM**

**16.2 Job Design & Analysis**

**16.3 HR Planning**

**16.4 HR Recruitment**

**16.5 HR Selection**

**16.6 HR Hiring**

**16.7 HR Performance Appraisals**

**16.8 Criteria of HRM Functions**



## Concepts & Issues that emerge from the content

- ❖ Introduction to HRM
  - + Introduction & importance
  - + Specialties & goals of HRM
  - + Functions of HRM
- ❖ Job design & analysis
- ❖ HR planning
  - + Introduction & importance
  - + Facts considered
  - + Steps of HR planning
- ❖ HR recruitment
  - + Introduction to recruitment
  - + Ways & methods of recruitment
  - + Advantages & limitations of different ways
- ❖ HR selection
  - + Introduction
  - + Facts considered
  - + Methods of selection
- ❖ HR hiring
  - + Methods
  - + Appointment
  - + Probation & induction
- ❖ HR performance appraisals
  - + Introduction
  - + Training & development
  - + Employee movements
- ❖ Criteria of HRM functions
  - + Labour turnover & productivity
  - + Absenteeism
  - + Industrial relations

## 16.1 INTRODUCTION TO HRM

### **What are the definitions available on HRM?**

"The process of utilizing human resources efficiently & effectively to achieve goals & objectives of the organization."

- Unknown

All the activities related to utilization of Human Resource efficiently & effectively so as to ensure employee satisfaction & development in order to achieve the goals of an organization is known as Human Resource Management.

- Unknown

Human resource management, or HRM, is defined as the process of managing employees in a company & it can involve hiring, firing, training & motivating employees.

- [www.yourdictionary.com](http://www.yourdictionary.com)

Human Resource Management (HRM) is the process of managing people in organizations in a structured & thorough manner.

- [www.managementstudyguide.com](http://www.managementstudyguide.com)

### **What is meant by Human Resources (HR)?**

The people who work for an organization to manage its resources better known as employees. They can be categorized as; Managerial & Non-managerial employees.

In other words; Human resources describes the people who make up the workforce of an organization, industry, business sector, or economy. "Human capital" is sometimes used synonymously with "human resources", although human capital typically refers to a narrower effect.

### **What are the special features of Human Resources?**

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**What are the objectives of HRM?**

The primary objective can be;

“To create & retain the most suitable & satisfied set of employees to provide maximum contribution to the organization's success”

Secondary objectives can be;

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**Why HRM is important?**

- ✓ HR can think feel understand & react as it is live compared to other resources
- ✓ As HR makes decisions regarding all the other resources it is the most important & valuable resource
- ✓ HR is the most vital resource that can be used to obtain long term competitive advantages & to assure business survival
- ✓ Managing HR is not only a task of HR manager, but also it is the collective responsibility of all other managers of the business
- ✓ HRM is very important for the welfare of the society
- ✓ The legal conditions in relation with employees
- ✓ To minimize & control the labor turnover
- ✓ To motivate for leadership through employee abilities & skills
- ✓ To improve the quality of working life
- ✓ To reach business success through employee motivation
- ✓ To get the use of employees’ significant characteristics / diversity
- ✓ Modern customers reacting positively towards the organization that have good HRM practices
- ✓ Being essential to create employee development

**What are the functions of HRM?**

- ✓ Job Design
- ✓ Job Analysis
- ✓ HR Planning / Man power planning
- ✓ Recruitment



- ✓ Selection
- ✓ Hiring
- ✓ Induction
- ✓ Performance Evaluation / Appraisal
- ✓ Payments Management
- ✓ Training & Development
- ✓ Employee Movements / changes
- ✓ Employee welfare administration
- ✓ Disciplinary Management
- ✓ Health & Safety Management
- ✓ Grievances Handling
- ✓ Employer & Employee Relations / Labour Relations

## 16.2 JOB DESIGN & ANALYSIS

### What is Job Design?

This is simply creating of a job to achieve a certain goal. In other words, the arrangement of tasks, duties & responsibilities assigned for a work unit of the firm in order to achieve a particular goal. A job comprises of tasks, duties & responsibilities.

Tasks

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Duties

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Responsibilities

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### What are the methods of designing jobs?

- ✓ Scientific method
- ✓ Job enrichment
- ✓ Job growth
- ✓ Job rotation
- ✓ Grouping

**What is Job Analysis?**

A systematic review of the features & related behaviors of a job & the qualities & qualifications that should be possessed by the employee for that job. Job analysis can be done in the following stages;

1. Task analysis
2. Skills analysis
3. Duty analysis
4. Performance analysis

The 2 sub elements of Job Analysis are;

Job Description

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The information found in a Job Description are;

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Job Specification

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The information found in a Job Specification are;

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**What are the differences between Job Description & Job Specification?**

Job Description	Job Specification

**16.3 HR PLANNING**

**What is HR Planning?**

This is identifying & anticipating the future HR requirements & taking necessary steps to fulfill it in order to achieve the business' goals & objectives. IOW the process of determining the future employee requirements & making decisions on activities to be implemented to fulfill those requirements to achieve objectives.

**Why HR Planning is important?**

- ✓ Ability to determine future HR requirements
- ✓ Ability to minimize labor cost by identifying labour surplus or deficits & taking necessary action
- ✓ Ability to avoid unnecessary cost due to sudden recruitments.
- ✓ Ability to utilize HR efficiently & productively.
- ✓ Ability to lead the other management functions of the organization in the expected manner.
- ✓ For the development of highly competent employees.

**What are the steps in the HR Planning Process?**

1. Forecast HR demand
2. Estimate HR supply
3. Compare the HR demand vs HR supply
4. Develop strategic plans
5. Prepare the HR plan
6. Measuring performance

**Factors to be considered when forecasting future HR needs?**

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## 16.4 HR RECRUITMENT

### What is Recruitment?

The process involving the attraction of suitable candidates to vacant positions from both internal & external sources of the business. IOW initial attraction & screening of supply of prospective HR from both within & outside the organization to fill a position.

In other words; the process of attracting the job seekers with positive attitudes & capabilities supporting the achievement of organizational goals & objectives is known as recruitment. The result of the recruitment process is the generating of a list of job seekers who may be selected or not for the job as new employees.

### What are the functions of Recruitment?

1. Identify HR needs
2. Study the Job specification (facts related to the job)
3. Identify facts related to recruitment
4. Prepare job applications
5. Select the method of recruitment (internal or external)
6. Implementing the recruitment program
7. Evaluation (Short list candidates)

### What are the factors affecting Recruitment?

### What are the sources of Recruitment?

Internal Sources	External Sources



**What are advantages & disadvantages of Internal Recruitment?**

Advantages	Disadvantages

**What are advantages & disadvantages of External Recruitment?**

Advantages	Disadvantages

**What are the options available to publish Job Advertisements?**

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**What factors do organizations state in their job ads to attract potential employees?**

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## 16.5 HR SELECTION

### What is Selection?

This is the systematic process of choosing the most appropriate & suitable person to a particular job. IOW choosing an individual from all recruits to hire. The selection is done from all who have been recruited from the recruitment process.

### What are the objectives of Selection?

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### What are the methods available for Selection?

- ✓ Application evaluation
- ✓ Interviews
- ✓ IQ Tests
- ✓ Personality Tests
- ✓ Practical Tests
- ✓ Medical Tests
- ✓ Background Tests

Application Evaluation

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The advantages & disadvantages of Application Evaluation can be;

Advantages	Disadvantages



**What is a Job Application?**

This is a detailed document of application sent by an interested candidate to an organization that has a job vacancy by indicating his / her required details & suitability for the vacant job. The application is supported by a covering letter & a Curriculum vitae (CV). A conventional job application shall ask for the following details;

- ✓ Personal details (Name, Age, Address etc)
- ✓ Educational qualifications
- ✓ Professional qualifications
- ✓ Special skills
- ✓ Experience
- ✓ Past achievements
- ✓ References

Interviews

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The advantages & disadvantages of Interviews can be;

Advantages	Disadvantages

IQ Tests

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Personality Tests

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Practical Tests

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Medical Tests

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Background Tests

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## 11.6 HR HIRING

### What is Hiring?

This is the process of appointing the person being selected for the job from the recruitment & selection process. Here the appointment letter will be prepared, employment contracts are signed & the new employee is sent for a probation period. The employee can be hired on;

1. Permanent basis
2. Temporary basis

### What is Appointment Letter?

The legal document issued by the management after the employee is being appointed stating the terms, conditions, tasks, duties & responsibilities of the job in detail.

The letter of appointment is considered as a written proof that the job contract is formed. Since the letter of appointment is a legal document it is important for the employee as well as the employer.

### What are importance of the Appointment Letter?

- ✓ Document proving the relationship between the firm & the employee.
- ✓ A contract which the firm & the employee is bound legally.
- ✓ Ability to present this as an evidence in front of the law at a problematic situation
- ✓ Employee gets a wide acknowledgment regarding the tasks, duties & responsibilities of his job.
- ✓ A strong evidence that could be to prove that the employee is an employee of the firm.

### What are the important facts included in the appointment letter?

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**What is Probation period?**

This is the time period the newly appointed employee has to work before being made permanent. If he / she is found suitable for the job, permanency is granted or if not the following may be done;

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**What is Induction?**

This is the process of introducing the newly appointed employee to the organization & staff in order to convert him / her into a productive member. The 2 components are;

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The methods of induction can be; employee handbooks, interaction between employees, lectures, visit around the organization, videos etc

**What are the advantages of Induction?**

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## 16.7 HR PERFORMANCE EVALUATION

### What is Performance Evaluation (PE)?

This is the process of finding out whether the activities of the employee with regards to the job were productive or not. Here the organization wants to know whether the employee performs as expected or not.

### What are the objectives of PE?

Administrative	Development

### What are the functions / activities of PE?

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### What are the advantages & disadvantages of PE?

Employer	Employee

**What is Training & Development?**

Training is the process by which the employees are given knowledge & skills to carry out their current job better. IOW improvement of the performance to carry out the current job better. Training is usually given to non-managerial employees.

Development is the process by which the employees are given the required knowledge, skills. Attributes, experience etc to undertake more demanding roles & responsibilities in the future. IOW helping & enabling employees to do better jobs in the future. Development programs are usually done for managerial employees.

**What are the methods of Training?**

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**What are the advantages of Training & Development?**

To the Organization	To the Employee



## 16.8 CRITERIA OF HRM FUNCTIONS

### What is Employee Movement?

This is the changes in the position of the employees either in duty or location for reasons such as;

1. Promotions

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2. Transfers

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3. Lay-off

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4. Termination

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### What is Payments / Compensation Management?

This is the function that prepares, implements & maintains a good & reasonable salaries & wages system that fair both internally & externally. Salaries are amounts paid to managerial employees while wages are amounts paid to non-managerial employees. A payment comprises of wages, allowances & other benefits given.

### What are the factors affecting salaries & wages?

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**What are the objectives of a Salaries & Wages system?**

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**Why Payments Management is important?**

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**What is Welfare Administration?**

This is the management of all benefits given by an organization to its employees excluding salaries & bonuses. This is done to create peace, prosperity, good conditions & development of HR. Some of the welfare benefits can be;

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**What is Health & Safety Administration?**

This is the process of maintaining the required & reasonable levels of professional health & safety in the job & organization. IOW ensuring that that Job & the organization is non-hazardous. Some of those issues & hazards can be;

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### **What are the disadvantages of poor health & safety administration?**

- ✓ Increasing the premium of employees' health insurance scheme (due to frequent payment of compensation by the insurance companies)
- ✓ Increasing of compensation payments
- ✓ Increasing charges for legal requirements
- ✓ Dissatisfaction & unrest of the employees increases
- ✓ Decreasing employee productivity.
- ✓ Decreasing quality of the employees.
- ✓ Increased damages machinery, tools & equipment
- ✓ Increasing the expenses of medical charges
- ✓ Damaging the goodwill of the business
- ✓ Increasing the employee absenteeism & turnover

### **What is Discipline Administration?**

This is the process of running a discipline system to ensure that the employees' activities & behaviors are in line with the organization's rules, regulations & policies. A good behavior of the employee is called discipline, which is in line with the organization's standards & expectations. A discipline system is important because;

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### **What are common anti-disciplinary actions found?**

- ✓ Willful damages to the organizational resources
- ✓ Not reporting to the work without prior permission
- ✓ Late attendance to the work
- ✓ Leaving the work place without prior permission
- ✓ Showing a fraudulent illness
- ✓ Sleeping at work
- ✓ Negligence and less attention towards the job
- ✓ Disturbing the safety and health measures of the business
- ✓ Taking liquor at the work place
- ✓ Bribery & corruption
- ✓ Insulting or threatening the employer or the colleges

### **What are the common disciplinary actions that can be taken?**

- ✓ Verbal warning
- ✓ Written warning
- ✓ Fines or recharging the loss
- ✓ Suspension from the job temporary
- ✓ Transferring from the job as a disciplinary action

- ✓ Holding of salary increment or making it delaying.
- ✓ Demotion from the post.
- ✓ Termination from the job.

**What is Grievance Handling?**

This is the process of managing a situation where an employee is in a mental distress, dissatisfied or in a bad attitude due to work related unreasonable or injustice situation. It can be either expressed or unexpressed (Said or unsaid). Grievances directly affect the employee performance. These hinder the achievement of organizational goals.

Employee grievances are the early stage of industrial disputes. Therefore necessary steps should be taken to handle / manage the employee grievances at the early stages.

Following are reasons for grievances;

1. Job related reasons

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2. Services related reasons

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3. Employee management related reasons

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4. Employment conditions related reasons

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5. Employee behavior related reasons

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**What are the steps that can be taken to manage Grievances?**

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**What are methods of solving Grievances?**

- ✓ Formal grievance handling procedure.
- ✓ Through the immediate supervisor
- ✓ Having an Open-Door Policy
- ✓ Joint Committee Method
- ✓ Counselling
- ✓ Appointing an Ombudsman
- ✓ Arbitration

**What are the methods of recognizing Grievances?**

1. Exit interviews
2. Suggestion box
3. Attitude survey

**What are the benefits of proper Grievance Management?**

- ✓ Decreasing of employee turnover
- ✓ Controlling of employee absenteeism
- ✓ Minimizing of Trade Union actions
- ✓ Having industrial harmony by strengthening industrial relations
- ✓ Increasing the goodwill of the business



**What is Labour Relations?**

This is simply the relationship that exists between the management & the employees. IOW Any type of professional relationship between the employer & employee which may be good or bad is known as industrial / labour relations. 3 types of labour relations can be;

1. Individual Relations
2. Personnel Relations
3. Collective Relations

The 3 parties in a labour relation system are;

1. Employer & his representatives
2. Employees & trade unions
3. Government

**What are the objectives of a Labour Relations system?**

1. Creating industrial peace
2. Ensuring employee democracy
3. Increase in organizational efficiency
4. Increase in overall organizational effectiveness
5. Positive relationship between all parties
6. Increase in overall productivity

**What are the outcome of good & bad industrial relations?**

Good Relations	Bad Relations

**What are industrial / labour disputes?**

These are job related problems, issues & disputes that arise between the employer & employees. An industrial dispute is bad for the employer, employees & the customers too. The reasons for industrial disputes can be;

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**How will an industrial dispute affect the following parties?**

Employer	Employee	Customer

**What is Collective Bargaining?**

This is the negotiation that takes place between the management & trade unions during a particular time period with regards to labour disputes. The advantages of collective bargaining to an employer can be;

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**What is Collective Agreement?**

This is the written agreement which the management & trade unions get into after a collective bargaining. To make this agreement legal, it must be approved by the labour commissioner & published in the government gazette.

**What are the objectives of a collective agreement?**

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**What are the advantages of Collective Agreements?**

Employer	Employee



### **What is an Industrial Action?**

These are certain actions taken by the employees & trade unions to influence the employer & management when industrial disputes arise. Such industrial actions can be;

- ✓ Collective bargaining
- ✓ Work- to- rule
- ✓ Go – slow
- ✓ Working dressed with a black strips
- ✓ Abstain from working over time
- ✓ Sit-ins
- ✓ Boycott
- ✓ Sabotage
- ✓ Picketing
- ✓ Fasting
- ✓ Taking leaves collectively
- ✓ Token Strike
- ✓ Continuous strikes

### **What is a Trade Union?**

An organization voluntarily established by the employers or employees of a particular industrial field in order to gain & protect their professional rights is known as a trade union. IOW Labour unions or trade unions are organizations formed by workers from related fields that work for the common interest of its members. They help workers in issues like fairness of pay, good working environment, hours of work & benefits. Here we focus on unions by employees.

### **What are the objectives of setting up trade unions?**

- ✓ To gain a reasonable salary & a pleasant working environment
- ✓ To get the working hours reduced
- ✓ To get protection from job related accidents & health problems
- ✓ To participate in management decisions made in the firm
- ✓ To assure job security
- ✓ Getting education and training
- ✓ To gain relief for sick, retired or employees on strike

### **What are the functions of Trade Unions?**

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**What are the consequences faced by employers during a strike?**

- ✓ Breaking down of the production process
- ✓ Decreasing the sales/ inability to supply the orders on time.
- ✓ Damaging the goodwill of the business.
- ✓ Weak cash flowing into the business & facing liquidity problems
- ✓ Decreasing the number of customers & shift to the competitors.
- ✓ Losing the suppliers
- ✓ Decreasing the profit
- ✓ Decreasing of profitability due to employee unrest.
- ✓ Weak Industrial relation
- ✓ Increasing labor turnover.
- ✓ Losses due to the stoppage of machineries.
- ✓ Being degrade in the professional field.
- ✓ Decreasing the employee earnings or not receiving salary or other incentives
- ✓ Sometimes the employee has to face disciplinary actions.

**What are the consequences of strikes to an economy?**

- ✓ Increasing social problems
- ✓ It disturbs the of civil life of public
- ✓ The scarcity of products in the market.
- ✓ Increasing the prices of products
- ✓ Decreasing the quality of products

**What are the steps that can be employers to avoid industrial actions?**

- ✓ Lockout
- ✓ Vacated of Post (VOP)
- ✓ Strike Replacement
- ✓ Mutual Aid Pact
- ✓ Shift of Production

**What are the steps that can be taken by Sri Lankan businesses to solve industrial actions?**

- ✓ Formal grievance handling procedure.
- ✓ Through the immediate supervisor
- ✓ Having an Open-Door Policy
- ✓ Joint Committee Method
- ✓ Counselling
- ✓ Appointing an Ombudsman
- ✓ Arbitration
- ✓ Labour tribunal
- ✓ Collective agreement

**What are the Employees' Rights & Duties?**

Rights	Duties




**What are roles of trade unions towards good industrial relations?**

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**What are the methods / criteria that can be used to evaluate the success of HRM?**

1. Labour turnover
2. Absenteeism
3. Labour productivity
4. Industrial relations
5. HR accounting
6. HR scorecard method

**What is Labour Turnover?**

This is simply rate at which employees leave the firm during a particular period. IOW number of employees who leave during a period out of the total employees for that period. It can be calculated as;

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**What is Absenteeism?**

This is simply the Employees getting absent for work or being present without performing their duties. IOW the employees have not come to work or have come to the work place but don't involve in any active work required. It can be calculated as;

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The situations considered as absenteeism are;

- ✓ Nonattendance at work
- ✓ Being present but not performing the duty.
- ✓ Taking more time as the interval.
- ✓ Late attendance to the work.
- ✓ Leaving the work place earlier.

**What is Labour Productivity?**

This is the relationship between the employee inputs and the outputs. A higher level of employee productivity is very important for the success of HRM. It can be calculated as follows;

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